

**Agency Proposed Budget**

The following table summarizes the total executive budget proposal for the agency by year, type of expenditure, and source of funding.

Agency Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	4.00	0.00	0.00	4.00	0.00	0.00	4.00	4.00
Personal Services	242,088	24,169	0	266,257	24,438	0	266,526	532,783
Operating Expenses	106,411	7,920	0	114,331	17,794	0	124,205	238,536
<b>Total Costs</b>	<b>\$348,499</b>	<b>\$32,089</b>	<b>\$0</b>	<b>\$380,588</b>	<b>\$42,232</b>	<b>\$0</b>	<b>\$390,731</b>	<b>\$771,319</b>
General Fund	167,682	43,034	0	210,716	48,128	0	215,810	426,526
State/Other Special	180,817	(10,945)	0	169,872	(5,896)	0	174,921	344,793
<b>Total Funds</b>	<b>\$348,499</b>	<b>\$32,089</b>	<b>\$0</b>	<b>\$380,588</b>	<b>\$42,232</b>	<b>\$0</b>	<b>\$390,731</b>	<b>\$771,319</b>

**Agency Description**

The seven-member Board of Public Education (BPE), under authority of Article X, Section 9 of the Montana Constitution, exercises "general supervision over the public school system" including the School for the Deaf and Blind. This includes school accreditation, teacher certification, standardization of policies and programs, and equalization of aid distribution. Board accreditation is the basis for local school district eligibility for state funds. The board shares responsibility with the Board of Regents under Title 20, Chapter 2, MCA for general planning, coordination, and evaluation of the state education system.

**Agency Highlights**

<b>Board of Public Education Major Budget Highlights</b>	
◆	Annual funding increases of 9.5 percent over the base year are mainly due to statewide present law adjustments
<b>Board of Public Education Major LFD Issues</b>	
◆	Teacher certification fees have not been increased since 1991, requiring general fund to offset costs

**Agency Discussion***Goals & Objectives*

State law requires agency and program goals and objectives to be specific and quantifiable to enable the legislature to establish appropriations policy. As part of its appropriations deliberations the legislature may wish to review the following:

- Goals, objectives and year-to-date outcomes from the 2007 biennium
- Goals and objectives and their correlation to the 2009 biennium budget request

Any issues related to goals and objectives raised by Legislative Fiscal Division staff are located in the program section.

In addition to the responsibilities discussed above, BPE oversees two advisory councils; the Montana Council on Indian Education and the Certification Standards and Practices Advisory Council. BPE executes its statutory responsibilities with two programs: Administration and the Certification Standards and Practices Advisory Council.

Changes to the base year are attributed to statewide present law adjustments and a present law increase for rent. The adjustments are discussed in detail in the following program sections.

## Funding

The following table summarizes funding for the agency, by program and source, as recommended by the executive. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding 2009 Biennium Executive Budget				
Agency Program	General Fund	State Spec.	Grand Total	Total %
01 Administration	\$ 426,526	\$ 35,000	\$ 461,526	59.84%
03 Advisory Council	-	309,793	309,793	40.16%
Grand Total	<u>\$ 426,526</u>	<u>\$ 344,793</u>	<u>\$ 771,319</u>	100.00%

BPE is funded with general fund and state special revenue collected from teacher certification fees. By statute, the Office of Public Instruction Certification/Teacher Licensure Unit is responsible for collecting fees and depositing them in two state special revenue accounts for use by BPE.

For the 2009 biennium budget, BPE requests 54 percent funding from general fund and 46 percent funding from state special revenue. In the 2007 biennium budget the percentage of the general fund was 52 percent and the state special revenue percentage was 48 percent.

### LFD ISSUE

20-4-109, MCA sets the fee for teacher and specialist certificates at \$6 per year. The fee is deposited in state special revenue accounts and statute requires that \$4 be used for expenses of the Certification Standards and Practices Advisory Council. The remaining \$2 is used for support of the Board of Public Education's constitutional and statutory duties, special projects, and research studies of the advisory council. Using the \$2 fee to support BPE duties reduces the amount of general fund needed to support the program. The fee was last increased from \$5 to \$6 in 1991. Prior to FY 2000, the fee was evenly split between funding the advisory council and the research fund but concerns about the increasing costs of the advisory council resulted in a change to the distribution.

Teachers recertify every five years for a total cost of \$30 per renewal (5 years at \$6 per year). New teachers certifying in Montana for the first time pay an additional \$6 registration fee. With about 5,500 teachers re-certifying each year, revenues have averaged \$166,400 over the last 3 years.

While the average salary of teachers has increased over the last several years, the costs of their licenses that support programs relating to their profession have not. According to Figure 1 data from the American Federation of Teachers (AFT) shows the average teacher salary increased each year from 1997 to 2004, the most current year available for average teacher salary information. Since 1997 average teacher salaries have increased 24 percent.

Figure 1 Teacher Average Annual Salaries				
	Average Annual Salary	Hourly Pay	% Increase	Annual Licensing Cost
FY 1997	\$29,958	\$20.24		\$6.00
FY 1998	30,617	\$20.69	2.20%	6.00
FY 1999	31,536	\$21.31	3.00%	6.00
FY 2000	32,121	\$21.70	1.86%	6.00
FY 2001	33,249	\$22.47	3.51%	6.00
FY 2002	34,379	\$23.23	3.40%	6.00
FY 2003	35,754	\$24.16	4.00%	6.00
FY 2004	\$37,184	\$25.12	4.00%	\$6.00

Source: AFT Survey & Analysis of Teacher Salary Trends

**LFD  
ISSUE  
CONT.**

Statistics are not available at this time to determine what if any impact the increases in BASE aid to the school districts made by the 2005 Legislature and the 2005 Special Session have had on average salaries.

In comparison to neighboring western states, teacher certification fees in Montana are low. For example, the following states charge annual fees of:

- Wyoming - \$25 per year
- North Dakota - \$35 per year
- Idaho - \$37.50 per year
- South Dakota - \$6 per year

Both Wyoming and North Dakota fund their boards entirely with teacher certification fees.

Increasing the certification fee to \$12 per year would generate an additional \$330,000 in revenues, which could be used to reduce general fund for the program to approximately \$52,000. Since the fee and its distribution between the advisory council and research fund is established in statute, any fee increases require statutory changes through legislation outside of HB 2.

The legislature may wish to consider increasing the teacher certification fee and reducing general fund appropriations to BPE for the additional state special revenue.

**Biennium Budget Comparison**

The following table compares the executive budget request in the 2009 biennium with the 2007 biennium by type of expenditure and source of funding. The 2009 biennium consists of actual FY 2006 expenditures and FY 2007 appropriations.

Budget Item	Present Law Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	Present Law Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Biennium Fiscal 06-07	Total Exec. Budget Fiscal 08-09
FTE	4.00	0.00	4.00	4.00	0.00	4.00	4.00	4.00
Personal Services	266,257	0	266,257	266,526	0	266,526	480,941	532,783
Operating Expenses	114,331	0	114,331	124,205	0	124,205	248,689	238,536
Total Costs	\$380,588	\$0	\$380,588	\$390,731	\$0	\$390,731	\$729,630	\$771,319
General Fund	210,716	0	210,716	215,810	0	215,810	343,879	426,526
State/Other Special	169,872	0	169,872	174,921	0	174,921	385,751	344,793
Total Funds	\$380,588	\$0	\$380,588	\$390,731	\$0	\$390,731	\$729,630	\$771,319

### Program Proposed Budget

The following table summarizes the total executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	2.00	0.00	0.00	2.00	0.00	0.00	2.00	2.00
Personal Services	101,403	52,840	0	154,243	52,994	0	154,397	308,640
Operating Expenses	66,279	5,194	0	71,473	15,134	0	81,413	152,886
<b>Total Costs</b>	<b>\$167,682</b>	<b>\$58,034</b>	<b>\$0</b>	<b>\$225,716</b>	<b>\$68,128</b>	<b>\$0</b>	<b>\$235,810</b>	<b>\$461,526</b>
General Fund	167,682	43,034	0	210,716	48,128	0	215,810	426,526
State/Other Special	0	15,000	0	15,000	20,000	0	20,000	35,000
<b>Total Funds</b>	<b>\$167,682</b>	<b>\$58,034</b>	<b>\$0</b>	<b>\$225,716</b>	<b>\$68,128</b>	<b>\$0</b>	<b>\$235,810</b>	<b>\$461,526</b>

### Program Description

The staff of the Administration Program provides administration, research, clerical functions, and management of business affairs for all programs under the purview of the Board of Public Education.

### Program Highlights

Administration Program Major Budget Highlights	
◆	Annual funding increases of 35 percent over the base year are mostly due to statewide present law adjustments
◆	Increases in personal services of 51 percent above the base year drive the increases
◆	Over half of the personal services increases are due to the correction of a \$38,000 miscoding error, which was incorrectly recorded as advisory council expenditures

### Program Narrative

The 2009 budget request for the Administration Program is increased over the base year by 35 percent due to statewide present law adjustments and a present law adjustment for increased rent. The majority of the increases are the result of changes in personal services. State special revenue to the program for the FY 2006 base year was not needed due to lower than anticipated salary and benefit costs due to a miscoding error. As a result, there is a zero in the base year for state special revenue.

### Funding

The following table shows program funding, by source, for the base year and for the 2009 biennium as recommended by the Governor.

Program Funding Table							
Administration							
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009	
01000 Total General Fund	\$ 167,682	100.0%	\$ 210,716	93.4%	\$ 215,810	91.5%	
01100 General Fund	167,682	100.0%	210,716	93.4%	215,810	91.5%	
02000 Total State Special Funds	-	-	15,000	6.6%	20,000	8.5%	
02219 Research Fund	-	-	15,000	6.6%	20,000	8.5%	
Grand Total	<u>\$ 167,682</u>	<u>100.0%</u>	<u>\$ 225,716</u>	<u>100.0%</u>	<u>\$ 235,810</u>	<u>100.0%</u>	

The Administrative Program is funded with general fund and state special revenue authorized by 20-4-109, MCA, which allows the agency to use a portion of the revenue collected from teacher certification fees for activities in support of the board's constitutional and statutory duties, special projects, and research studies of the advisory council. For a discussion of these fees, please see the agency section.

### Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
Fiscal 2008						Fiscal 2009				
FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				51,706						51,860
Inflation/Deflation				201						212
Fixed Costs				1,993						1,922
<b>Total Statewide Present Law Adjustments</b>				<b>\$53,900</b>						<b>\$53,994</b>
DP 1 - Rent increase	0.00	3,000	0	0	3,000	0.00	8,000	5,000	0	13,000
DP 2 - Present Law Per Diem	0.00	1,134	0	0	1,134	0.00	1,134	0	0	1,134
<b>Total Other Present Law Adjustments</b>	<b>0.00</b>	<b>\$4,134</b>	<b>\$0</b>	<b>\$0</b>	<b>\$4,134</b>	<b>0.00</b>	<b>\$9,134</b>	<b>\$5,000</b>	<b>\$0</b>	<b>\$14,134</b>
Grand Total All Present Law Adjustments				\$58,034						\$68,128

#### LFD COMMENT

Personal services statewide present law adjustments include an adjustment to move salary costs from the Certification Standards and Practices Advisory Council to the Administrative Program due to a miscoding error. In FY 2007 the BPE changed the programs in which the salaries were recorded and corrected the error. However, because the error had not been corrected in FY 2006, the budget for the 2009 biennium must reflect this change. This adjustment accounts for about \$38,000 of the increase over the biennium. The personal services increase without this factor is about \$14,000 or 7 percent over the doubled FY 2006 base.

The remaining increase in statewide present law adjustments for personal services results from:

- \$6,900 for annualization of the pay plan approved by the 2005 Legislature
- Salary increases above those funded in the pay plan
- Increases in health insurance costs of \$2,330

DP 1 - Rent increase - The agency is currently housed with the Commissioner of Higher Education in downtown Helena. The board may have to relocate to a new building, public or private sector, which may cost additional rent.

DP 2 - Present Law Per Diem - Per diem reinstatement of \$1,134 each year of the biennium - \$2,268 for the biennium.

### Program Proposed Budget

The following table summarizes the total executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	2.00	0.00	0.00	2.00	0.00	0.00	2.00	2.00
Personal Services	140,685	(28,671)	0	112,014	(28,556)	0	112,129	224,143
Operating Expenses	40,132	2,726	0	42,858	2,660	0	42,792	85,650
<b>Total Costs</b>	<b>\$180,817</b>	<b>(\$25,945)</b>	<b>\$0</b>	<b>\$154,872</b>	<b>(\$25,896)</b>	<b>\$0</b>	<b>\$154,921</b>	<b>\$309,793</b>
State/Other Special	180,817	(25,945)	0	154,872	(25,896)	0	154,921	309,793
<b>Total Funds</b>	<b>\$180,817</b>	<b>(\$25,945)</b>	<b>\$0</b>	<b>\$154,872</b>	<b>(\$25,896)</b>	<b>\$0</b>	<b>\$154,921</b>	<b>\$309,793</b>

### Program Description

The seven-member Certification Standards and Practices Advisory Council was created by the legislature in 1987 to study and make recommendations to the Board of Public Education in the following areas: 1) teacher, administrator, and specialist certification standards; 2) the status and efficacy of approved teacher education programs; and 3) the feasibility of establishing teaching certification and the appeals process. The board staff provides administrative, research, and clerical duties to the council. The advisory council is created in 2-15-1522, MCA.

### Program Highlights

Certification Standards and Practices Advisory Council	
Major Budget Highlights	
◆	Annual funding decreases of 14 percent due to an error that recorded personal services in this program rather than the Administrative Program

### Program Narrative

The 2009 budget request for the advisory council statewide present law personal service increases of approximately \$11,000 are offset by a reduction of \$38,000 due to the miscoding of personal service expenditures in this program rather than the Administration Program.

### Funding

The following table shows program funding, by source, for the base year and for the 2009 biennium as recommended by the Governor.

Program Funding Table						
Advisory Council						
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
02000 Total State Special Funds	\$ 180,817	100.0%	\$ 154,872	100.0%	\$ 154,921	100.0%
02122 Advisory Council	108,677	60.1%	94,872	61.3%	94,921	61.3%
02219 Research Fund	72,140	39.9%	60,000	38.7%	60,000	38.7%
Grand Total	<u>\$ 180,817</u>	<u>100.0%</u>	<u>\$ 154,872</u>	<u>100.0%</u>	<u>\$ 154,921</u>	<u>100.0%</u>

This program is funded entirely by state special revenue. By statute, the Office of Public Instruction Certification/Licensure Unit is responsible for collecting teacher certification fees and depositing them in two state special revenue accounts for use by BPE. 20-4-109, MCA sets the fee for teacher and specialist certificates at \$6 per year. \$4 is used for expenses of the advisory council and \$2 is used for activities in support of the board's constitutional and statutory duties, special projects, and research studies of the advisory council.

See LFD Issues under the Agency Summary for concerns relating to this funding.

### Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the Governor. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2008-----						-----Fiscal 2009-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					(28,671)					(28,556)
Inflation/Deflation					201					208
Fixed Costs					2,525					2,452
Total Statewide Present Law Adjustments					(\$25,945)	(\$25,896)				
Grand Total All Present Law Adjustments					(\$25,945)	(\$25,896)				